

29 September 2017

Dear Shareholder,

Please find attached our interim report for the six months ending 30 June 2017.

These results do not include the impact of the third party damage to the pipeline between the Refinery and Wiri as the incident occurred after the Company's publication of the half year results.

As previously announced, our current best estimate of the impact on the Company's full year 2017 net profit after tax will be in the range of NZ\$ 9 – 11 million. This comprises a pre-tax revenue impact (processing fee and pipeline income) of NZ\$ 8-9 million and our first estimation of costs associated with the repairs, recovery and remediation activities of NZ\$4-5 million.

The Company has insurance cover for business interruption, property and environmental damage amongst others. However, given the limited extent of the currently expected losses and the excesses that apply to these policies, only a limited amount of the losses is expected to be recovered. The Company's contracts with its customers include force majeure provisions which we believe apply in these circumstances. Some of our customers have reserved their position as to the application of the force majeure provisions until the outcome of our inquiries into the incident is known.

The Company has updated the profit matrix, issued with our results presentation on 24 August 2017, to reflect the expected financial impact of this incident. The updated profit matrix for the year ended 31 December 2017 is included as an attachment to this letter. This supersedes the profit matrix on page four of the interim report.

Refining NZ regrets that the pipeline was damaged and caused this negative financial impact on our shareholders. We also regret the disruption to the New Zealand public and foreign visitors.

While Refining NZ would have preferred that the incident had never happened and we will be working hard to see whether there is anything more we can do going forward to prevent incidents such as this, the Board was pleased to see the way our team, customers, the airlines, Auckland Airport, the Government and others all worked together co-operatively to minimise the disruption. We also appreciate the patience and understanding of the community and the support of iwi and local authorities during the recovery from this incident.

I do wish to extend my thanks to our team and all involved for their hard work, co-operation and understanding during this difficult period.

Yours faithfully



Simon Allen
Chairman

Refining NZ

Port Marsden Highway, Ruakaka, Northland 0171, Private Bag 9024, Whangarei 0148, New Zealand
Telephone: +64 9 432 5100 Email: corporate@refiningnz.com www.refiningnz.com

Attachment
FY17 Profit Matrix - 29 September 2017
USD Exch. Rate

| | | | | | |
|-------------|-------------|-------------|-------------|-------------|-------------|
| Actual H1 | 0.71 | 0.71 | 0.71 | 0.71 | 0.71 |
| Forecast H2 | 0.65 | 0.70 | 0.75 | 0.80 | 0.85 |

Margin

| Actual H1 USD | Forecast H2 USD | Full Year USD | | | | | |
|---------------|-----------------|---------------|-----|-----|-----|-----|-----|
| 7.70 | 5.00 | 6.29 | 33 | 27 | 21 | 17 | 13 |
| | | | 226 | 234 | 241 | 248 | 254 |
| 7.70 | 6.00 | 6.81 | 50 | 43 | 36 | 31 | 26 |
| | | | 202 | 212 | 221 | 228 | 235 |
| 7.70 | 7.00 | 7.33 | 67 | 59 | 51 | 45 | 39 |
| | | | 184 | 192 | 200 | 209 | 217 |
| 7.70 | 8.00 | 7.86 | 84 | 75 | 66 | 59 | 52 |
| | | | 166 | 176 | 185 | 192 | 199 |
| 7.70 | 9.00 | 8.38 | 102 | 91 | 81 | 73 | 65 |
| | | | 149 | 160 | 170 | 178 | 186 |

| |
|------------|
| NPAT |
| Borrowings |

42 Production, Mbbl
82 Non Processing Fee Revenue, \$m
94 Depreciation, \$m

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